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SENATE BILL 1567 By
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HOUSE BILL 1275
By Kisber

AN ACT to amend Tennessee Code Annotated, Title 67, Chapter 4, relative to exemptions from the franchise and excise taxes for certain entities engaged in the real estate rental business.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 67-4-2008(a), is amended by adding the following new subdivision at the end of the subsection:

(11) Limited liability companies, limited partnerships, and limited liability partnerships if all of the following criteria are met:

(A) At least sixty-six and sixty-seven hundredths percent (66.67%) of the activity of the entity is the real estate rental business;

(B) For this purpose, the activity of the entity shall be considered the real rental business only if (i) at least sixty-six and sixty-seven hundredths percent (66.67%) of its income, including capital gains from the sale of assets used in the real estate rental business is derived from the real estate rental business, and (ii) at least sixty-six and sixty-seven hundredths percent (66.67%) of its assets, valued at the original cost to the entity, are used by the owner in the real estate rental business. In the event that an asset's original cost to the entity cannot be determined, or there is no original cost to the entity, for purposes of this

subdivision, the property shall be valued at its fair market value at the time of acquisition by the entity.

(C) For this purpose, assets “used by the owner in the real estate rental business” include real property located contiguous to the real estate presently being used in the real estate rental business.

SECTION 2. This act shall take effect July 1, 2001, the public welfare requiring it.